



APPROPRIATIONS UPDATE

HOUSE COMMITTEE ON THE BUDGET
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DEFENSE APPROPRIATIONS BILL FOR FISCAL YEAR 2003 (H.R. 5010)

SUMMARY

The Defense Appropriations bill reported by the House Appropriations Committee (H.R. 5010) on 25 June 2002, is consistent with the House Concurrent Resolution on the

Budget for Fiscal Year 2003 (H. Con. Res. 353). The legislation also complies with the requirements of the Congressional Budget Act.

COST OF THE LEGISLATION

As reported, H.R. 5010 provides \$354.4 billion in new budget authority [BA] and \$345.3 billion in outlays for 2003 – an increase of \$18.1 billion in BA and \$17.6 billion in outlays from fiscal year 2002 (assuming enactment of the House-passed supplemental appropriations bill, H.R. 4775). Spending in this appropriations bill has increased an average of 8.3 percent a year in the past 3 years.

The bill as reported is \$2.7 billion in BA below the President's request. This comparison, however, is not conclusive, because other components of defense spending are addressed by bills from other Appropriations subcommittees – Military Construction, Energy and Water, and Transportation. Not all of these bills have been reported.

The bill does not contain emergency-designated new BA, but does contain \$1.9 billion worth of BA savings including \$945 million in Working Capital Revolving Fund reductions, \$615 million in foreign currency savings, and \$195 million worth of rescissions of previously enacted BA.

The President has not submitted a specific budget request outlining the use of \$10 billion in budget authority in the Defense Emergency Response Fund [DERF]. The House-passed budget resolution held these funds in reserve. They will be released when legislation is considered that provides appropriations related to the war against terrorism. This bill does not include any spending from amounts held in reserve.

Table 1: Defense Appropriations Bill
(fiscal years; millions of dollars)

	2002 Enacted ^a	Administration 2003 Request ^b	302(b) for 2003 ^b	2003 Bill ^b
Budget Authority	336,372	357,177	354,447	354,446
Outlays	327,694	349,249	346,110	345,328

^a Represents House current status adjusted to reflect DoD's share of unallocated emergency outlays.

^b Does not include \$10 billion in DERF, or "War Reserve", requested by the President and held in reserve by the budget resolution.

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This document was prepared by the majority staff of the House Committee on the Budget. It has not been approved by the full committee and may not reflect the views of all the committee's members.

COMPLIANCE WITH THE BUDGET RESOLUTION

As shown in Table 1 on the previous page, the bill complies with sections 302(f) and 311(a) of the Budget Act. The first of these prohibits consideration of bills in excess of a subcommittee’s 302(b) allocation. The second, section 311(a), prohibits consideration of legislation exceeding the aggregate levels of budget authority and outlays established in the concurrent resolution on the budget.

The \$354.446 billion in new discretionary budget authority is \$1 million less than the 302(b) allocation to the House Appropriations Subcommittee on Defense. Outlays of \$345.328 billion are \$782 million below the subcommittee’s outlay allocation.

Table 2 below shows a breakdown of the bill’s funding.

Table 2: Discretionary Spending in the Defense Appropriations Bill (in millions of dollars)		
	Budget Authority	Outlays
Military Personnel	93,368	98,247
Operations and Maintenance	114,781	114,635
Procurement	70,285	64,297
Research, Development and Testing	57,753	53,809
Revolving Management Funds	2,777	2,195
Other DOD Programs	17,108	17,424
All Other Agencies	195	362
All Other Agencies/General Provision	-1,821	-5,641

DERF AND OTHER ISSUES

The President requested \$20.1 billion in the Defense Emergency Response Fund [DERF] cited above. The budget resolution set aside \$10 billion of this amount in a reserve fund. The Appropriations Committee moved the remaining \$10.1 billion into specific regular appropriation accounts. The committee states that the distribution is consistent with the intentions indicated in Department of Defense [DOD] budget documents. On these grounds, proposed DERF funds were moved to procurement (\$3.1 billion); research, development, test, and evaluation (\$4.0 billion); operations and maintenance (\$2.4 billion); and the Military Construction appropriations bill (\$0.6 billion).

The bill provides the military personnel account with \$826 million less than requested by the President. The committee report states that the bill provides appropriations necessary to support the 4.1-percent pay raise and end-strength levels recommended by the President. The committee report suggests the DOD submit a supplemental appropriations request, or reprogramming action, to address any additional

unplanned fiscal year 2003 military personnel-related funding needs. These needs may include additional funding for the war against terrorism, mobilization of Guard and Reserve personnel, and potential realignment of military workload and functions.

The Appropriations Committee recommends a reduction of \$354 million from amounts requested for the Defense Health Program [DHP] due to reduced demand forecasts for services provided by the DHP. The committee also increases medical research initiatives by more than \$600 million for such activities as battlefield medical technology, combat trauma, and breast and prostate cancer research.

Anticipating that the concurrent receipt proposal in the House budget resolution will become law – it is included in the defense authorization bill – the Appropriations Committee did not fund \$55 million in discretionary budget authority for disabled military retiree payments included in the request.

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RESCISSIONS/OFFSETS

The bill contains \$1.9 billion in BA savings, including the following:

- Reduced working capital fund excess carryover and cash balances (\$945 million).
- Foreign currency savings (\$615 million).
- Better management of government purchase cards (\$97 million).
- Improved management of military advisory and assistance services (\$51 million).

The bill also contains \$195 million in rescissions of previously enacted BA, including the following:

- Research, development, test, and evaluation (\$72 million).
- Army procurement (\$67 million).
- Air Force procurement (\$51 million).

The House concurrent resolution on the budget uses estimates from the administration's Office of Management and Budget [OMB]. As appropriations bills work their way through Congress, they use Congressional Budget Office [CBO] scoring. For various reasons, OMB and CBO estimates often differ. The House Budget Committee agreed to provide \$4.7 billion in scoring relief for outlays in the Defense Appropriations bill to resolve the differences in outlay estimates.

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